

The President's Daily Brief

19 December 1972

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FOR THE PRESIDENT ONLY

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PRINCIPAL DEVELOPMENTS

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Initial Soviet press reaction to Dr. Kissinger's statement on the Paris peace talks has emphasized the positive. Thus far, the Chinese have handled the latest difficulties in routine fashion. *(Page 2)*

Truong Chinh, the second-ranking man in the North Vietnamese Politburo, is leading a delegation to Moscow--a task usually handled by First Secretary Le Duan. *(Page 3)*

The USSR Central Committee plenum that had been expected on Saturday was held yesterday. *(Page 4)* At the opening session of the Supreme Soviet also held yesterday, the USSR disclosed that because of the disappointing economic performance this year, major plan goals for 1973 will have to be scaled down. *(Page 5)*

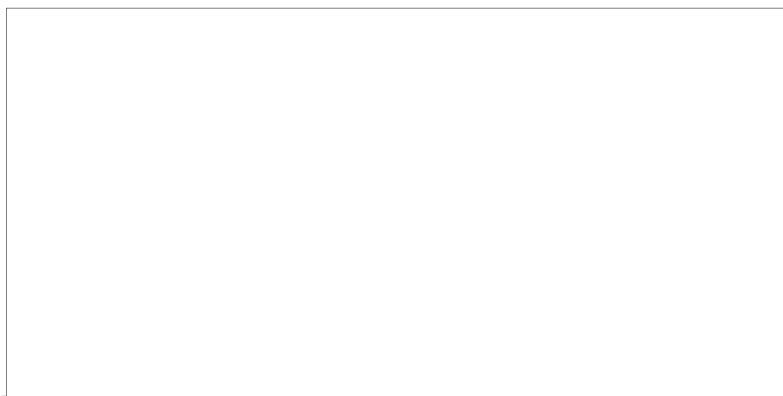
China conducted two launch rehearsals at the Shuangcheng-tzu missile test center late last week, apparently for a test launch of China's large two-stage ICBM. *(Page 7)*

A second round of purges appears to be under way in Serbia as Yugoslav President Tito continues to tighten his control. *(Page 7)*

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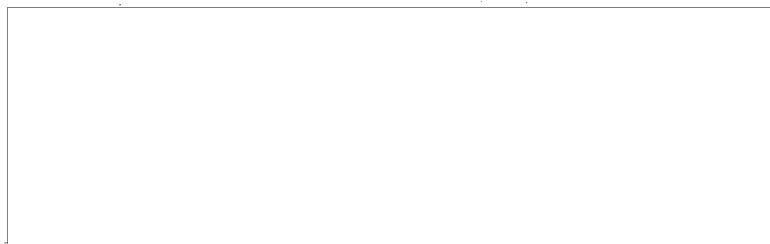
SOUTH VIETNAM



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USSR-CHINA-VIETNAM

Initial Soviet press reaction to Dr. Kissinger's statement on the Paris peace talks has emphasized the positive. The Soviets have accused the US of seeking to delay a Vietnam agreement, but reported Dr. Kissinger's remarks that the prospects for reaching an agreement are better now than in October, that contacts with the North Vietnamese would continue, and that the US would then be able to decide whether and when to meet with the North Vietnamese again. The Soviets have also noted North Vietnam's alleged willingness to continue the negotiations and to sign the agreement, the "earlier the better." All of these reactions preceded the lifting of the bombing restrictions above the 20th parallel, of which TASS took brief note yesterday.

Soviet dismay over the lack of progress toward a settlement comes through more clearly in the TASS description of Le Duc Tho's meeting on 16 December with Politburo member Kirilenko. Kirilenko reportedly expressed confidence that "the forces that come out against a peaceful settlement will not be allowed to negate the results achieved thus far."

The North Vietnamese News Agency account of the meeting did not pick up these remarks.

The Chinese have handled the latest difficulties in the negotiations in routine fashion so far. According to a Chinese press account of Premier Chou En-lai's meeting with Le Duc Tho, Chou expressed support for Hanoi's "correct position" in the negotiations, said that a settlement should be concluded at an early date, and pledged Chinese support in broad terms until the war ends--positions that Chou and other Chinese spokesmen have articulated several times in recent months.

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NORTH VIETNAM

Truong Chinh, the second-ranking man in the Politburo, left Hanoi on 16 December at the head of a delegation to Moscow for ceremonies marking the 50th anniversary of the Soviet Union's founding. Hoang Van Hoan, another Politburo figure, is a member of the delegation. During the customary stopover in Peking, the members of the delegation saw Premier Chou En-lai, and briefed some members of the diplomatic community.

Truong Chinh's appearance could suggest some increase in his status relative to First Secretary Le Duan, who has usually handled major party representational functions in Moscow himself. On the other hand, the North Vietnamese may have decided that Le Duan was needed at home in this critical period. With Deputy Premier Le Thanh Nghi now in Paris, three of the ten Politburo members normally resident in Hanoi are out of the country.

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USSR

The meeting of the Central Committee that had been expected on Saturday was held yesterday. The plenum approved the budget and a revised economic plan for 1973, and, as expected, dropped V. P. Mzhavanadze as a candidate member of the Politburo. The plenum also named Vladimir I. Dolgikh to the party secretariat.

Mzhavanadze's retirement in September as Georgian party chief--accompanied by a publicized crackdown on corruption and mismanagement in the republic--presaged his departure from the Politburo.

We expect that Dolgikh, a 48-year old industrial manager with broad experience in developing industry in Siberia, will assume responsibility for heavy industry. Dolgikh does not appear to have close ties to any senior leaders in Moscow.

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USSR

Gosplan Chairman Baibakov announced at the opening session of the Supreme Soviet yesterday that national income in the USSR this year grew only four percent--the lowest increase since 1963.

This figure reflects the failure to fulfill the industrial goal and the large decline in agricultural output. The primary causes of the industrial slowdown are the admitted failure to introduce new production capacity, exemplified by unfulfilled gas and oil goals, and the slow growth in the food industry, a direct result of the poor harvest.

Baibakov disclosed that as a consequence of the poor economic performance this year, major plan goals for 1973 will have to be scaled down. Industrial production, for example, is scheduled to grow at only 5.8 percent compared with the 7.8 percent previously planned. Particularly hard hit was the so-called group B industries--largely consumer goods--trimmed from 8.1 percent to 4.5 percent. The agricultural sector, however, remains a high priority area and will receive as much investment as originally planned.

These large agricultural investments will not, however, result in immediate benefits to the consumer. Although the USSR has purchased enough grain to make up for its 1972 shortfall, shortages of other farm products and a reduced livestock inventory will depress the 1973 growth in supplies of consumer goods. In fact, Baibakov could only promise that "in the main" supplies of food and other consumer goods will be sufficient.

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Finance Minister Garbuzov reported to the Supreme Soviet session that the planned Soviet defense budget of 17.9 billion rubles will remain unchanged for the third year in a row.

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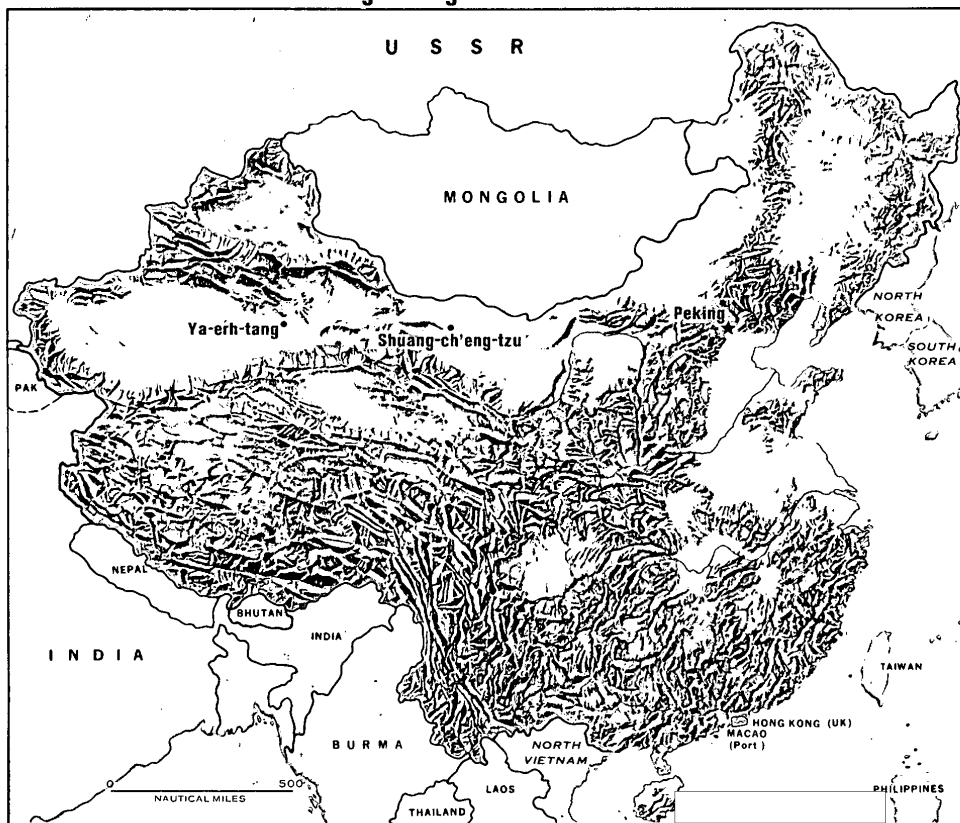
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The announcement of a stable defense budget is presumably dictated by Moscow's desire to project an image of moderation and détente consistent with the spirit of the Strategic Arms Limitation Agreement. The published figure, however, excludes most of the funds for military research and development, the most rapidly growing element in the Soviet defense effort. This is largely financed under the heading of science expenditures. Total science allocations are slated to increase from 14.4 billion rubles planned for 1972 to 15.5 billion rubles in 1973, a rise of seven percent.

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Launch Rehearsals at Shuang-ch'eng-tzu



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NOTES

China: China conducted two launch rehearsals at the Shuang-cheng-tzu missile test center late last week, apparently for a test launch of China's large two-stage ICBM. [REDACTED]

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though the first test was successful, the second, in August, was a partial failure. The missile landed roughly 400 nautical miles from the intended impact area. Both tests were to reduced ranges. Another satellite launch is an alternate, but less likely, possibility.

Yugoslavia: A second round of purges appears to be under way in Serbia as President Tito continues to tighten his control. Last Friday a Serb party plenum announced that enough pro-Tito appointees had been added to the party secretariat to establish a majority over the followers of former party boss Nikezic, who was ousted last October. Yesterday it was announced that a Nikezic appointee had resigned from the party leadership in the subordinate Vojvodina party organization. He may well be followed by the Kosovo regional boss, who also had close ties with Nikezic.

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